MEASIRES taken by the SEBI. Although after 12th Match. 1994. there was a sharp fall in ths volume of turnover in specified aharet for a few days, the turnover has shown signs of increase in the last fortnight Some reduction in the volume of turnover it inevitable on account of reduction in speculative activity. At present. mere to no ban on carry-forward of transactions in specified shares.

(c) Securities and Exchange Board of India (SEBI) has decided on March 9,1994 to allow carryforward facility is the stock exchanges at Bombay. New Delhi Calcutta and Ahmedabad under framework of transparency and effec-tive regulation, provided the stock exchanges satisfy SEBI that they are in a position to imple-fcent the system as proposed by SEBL

MODVAT Credik to big paper sultis

5477. SHRI SHANKAR DAYAL SINGH :
DR. BAPU KALDATE:

Will the Minister of FINANCE be pleased to state:

(a) whether the agro-based paper nulls products are now taxed at 10 per cent;

(b) whether big paper mills using wood pulp are going to get foil MODVAT Credit;

(c) if so, what would be the increased MOD VAT benefit they would get on existing benefits; me details thereof;

(d) whether it is a fact that agro-based mills are now discouraged to use more than 50 per cant of agro-based raw material'

(e) if so, the reasons therefor.

(f) what is the quantum of tax differential, in Quantum and percentage, between agro-besed cauls and wood pulp based mills per tonne; and

(g) whether the reduction of price differential out to reduction of tax differential would harm and liquidate agro-based nulla ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE {SHRI M. V CHANDRASHEKHAR MURTHY): (a) Agro baaed paper {products attract excise duty at 5%, *[(St* or 15% depending, *inter aha,* on the percentage of unconventional raw material used and/ or the quantum of clearances made from a paper factory in a financial year.

(b) and (c) All paper nulla, including big paper mills, manufacturing dutiable products, can get MODVAT of duty paid on the inputs used by mem. After the 1994-95 Budget, they would be entitled to take credit of duty paid on capital goods and petroleum products also. It is not possible to quantify the extra credit which will vary from null to mill.

(d) and (e) At present paper and paper board made from pulp containing 75% or more or unconventional raw materials attract a low rate of 5% ad valorem. A concessional rate of excise duty of 10% or 15% ad valorem is applicable when the use percentage of use of such materials is 50% or more but below 75% Thua, there is an incentive for using .unconventional raw materials

(f) and (g) Paper and paper board produced by wood based nulls are taxed at 20% ad valorem. Paper and paper board made from unconventional raw material (which includes agro based raw materials) based mills are taxed at 15% ad valorem if they use at least 50% pulp made from such materials. However, subject to certain conditions, products of such mills are taxed at 10% ad valorem upto a clearance of 33,000 tonnes in a financial year. Products of unconventional raw material based mills using 75% or more pulp of such materials are taxed at 5% ad valorem. In the Budget it was 10% but now we have reduced to 5% As far as me differential is. quantitative terms is concerned, the ext fcctory prices of paper and paperboards vary, toatr *aba,* with the type and/or quality of paper and paperboard and therefore, the differential will also vary from mill to mill and paper to paper. The present duty differential of 15% or 10% between small paper mills using agro based materials and wood based mills is considered reasonable to protect the interests of the former.

Medjcation of guidelines for iasaiag aoaes share*

, 5478. SHRI SURESH KALMADI: Will the Minister OF FINANCE be pleased to state:

(a) whether it is a fact that the Securities and Bachangr Board of India have recently modi-

fied the guidelines for issuing bonus shares by companies; and

(b) if so, what are the details of modified ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) Yes Sir, On April 13.1994 SEBI has modified guidelines on Bonus issue through a Press Release under the subject "Guidelines for disclosure and investor protection." The details of the modified guidelines are enumerated in the Press Release, a copy of which is enclosed

Press Release Dated April 13, 1994

Sub: Guidelines far disclosure and investor protection—Bonus issue guidelines.

Section M

(i) These guidelines are applicable to existing listed companies who shall forward a certificate duly signed by the issuer and duly counter-signed by its statutory auditor or by a company secretary in practice to the effect that the terms and conditions for issue of bonus shares as laid down in these guidelines, have been complied with.

(ii) Issue of bonus shares after any public/ rights issue is subject to the condition that no bonus issue shall be made which will dilute the value or rights of the holders of debentures, convertible fully or partly.

In other words, no company shall, pending conversion of FCDs/PCDs, issue any shares by way of bonus unless similar benefit is extended to the holders of such FCDs/PCDs. through reservation of shares in proportion to such convertible part of FCDfs or PCDs. The shares so reserved may be issued at the time of conversion(s) of such debentures on the same tencas on which the bonus issues were made

(iii) The bonus issue is made out of free reserves built out of the genuine profits or share premium collected in cash only.

(iv) Reserves created by revaluation of .fixed assets are not capitalised.

(v) The declaration of bonus issue, is lieu *at* dividend, is not made

(vi) The bonus issue is not made unless the tartly-paid shares, if any existing, are made fully paid-up..

(vii) The Company :—

1. has not defaulted in payment of interest or principal in respect fixed deposits and interest on existing debentures or principal on redemption thereof and

2. has sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of the employees such as contribution to provident fund, gratuity, bonus etc.

(viii) A company which announces its bonus issue after the approval of the Board of Directovs must implement the proposals within a period of six months from the date of such approval and shall not have the option of changing the decision.

(ix) There should be a provision in She Articles of Association of the company for capitalisation of reserves, etc. and if not, the company shall pass a Resolution as its Genera.! Body Meeting making provisions in the Articles of Association for capitalisation

(x) Consequent to the issue of bonus shares if the subscribed and paid-up capital exceed the authorised share capital, a Resolution shall be passed by the company at its General Body Meeting for increasing the authorised capital.

Representation from Account Holdere of Bank of India CaJkrafta

5479. SHRI GHUFRAN AZAM . Will the Minister of FINANCE be pleased to state:

(a) whether the Bank of India, Zonal Office Calcutta has received various representations from the account-holders whose accounts were not allowed to be operated for certain time period by the bank, for payment of interest;

(b) whether the bank has not yet decided she issue relating to payment of interest to such account-holders irrespective of the class of accounts of the clients for the period the bank withheld their money;

(c) if so, the facts and details thereof; and